

**CALIFORNIA WILDLIFE CONSERVATION BOARD
GRANT AGREEMENT
FOR
ACQUISITION OF FEE INTEREST**

Grantee: Name: Western Rivers Conservancy
 Address: 71 SW Oak St., Suite 100
 Portland, OR 97204

 Attn: Sue Doroff, President

 Phone: (503) 241-0151

Federal Employers ID No.:/Taxpayer ID No.: 93-1326405

Successor Name: Western Rivers Forestry
Grantee: Address: 71 SW Oak St., Suite 100
 Portland, OR 97204

 Attn: Sue Doroff, President

 Phone: (503) 241-0151

Federal Employers ID No.:/Taxpayer ID No.: 46-3852365

Project Name: Blue Creek

Project Location: Humboldt and Del Norte Counties

WCB Grant Agreement Number: WC-1420JW

WCB Project ID: 2011172

Grant Agreement Amount: Not to exceed \$5,000,000.00

Notices to be addressed to:

For Grantee: Western Rivers Conservancy
 71 SW Oak St., Suite 100
 Portland, OR 97204
 Attn: Sue Doroff, President

For Successor
Grantee:

Western Rivers Forestry
71 SW Oak St., Suite 100
Portland, OR 97204
Attn: Sue Doroff, President

For Grantor:

Wildlife Conservation Board
1807 13th Street, Suite 103
Sacramento, CA 95811-7137
Attn: Executive Director

With a copy to:

Department of Fish and Wildlife
1416 Ninth Street, 12th Floor
Sacramento, CA 95814
Attn: Director

1. SCOPE OF AGREEMENT

Pursuant to Chapter 4 of Division 2 (commencing with Section 1300) of the California Fish and Game Code; the California Wildlife Protection Act of 1990 (Proposition 117; Fish and Game Code Section 2780, *et seq.*); and the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84; Public Resources Code Section 75001, *et seq.*), the Wildlife Conservation Board ("Grantor") hereby grants to Western Rivers Conservancy, an Oregon nonprofit public benefit corporation ("Grantee"), a sum not to exceed Five Million Dollars (\$5,000,000.00) ("Grant Funds"), upon and subject to the terms and conditions of this Grant Agreement for Acquisition of Fee Interest ("Agreement").

2. PURPOSES OF GRANT

Grantor is entering into this Agreement, and the Grant Funds shall be used, only for the purpose of facilitating the project (the "Project") described as: Grantee's acquisition of fee title to approximately 6,479 acres of land known as the Blue Creek Project, located in the Counties of Del Norte and Humboldt, California (the "Property"). The Property is more particularly described in **Exhibit A** attached to this Agreement.

Grantee covenants and agrees that if Grantor deposits the Grant Funds into escrow and Grantee acquires the Property, the Property shall be held and used for all of the following purposes: to preserve wildlife habitat; to provide habitat corridors to prevent habitat fragmentation; to protect significant natural landscapes and ecosystems and other significant habitat areas; and for forest conservation and protection that promotes the ecological integrity and economic stability of California's diverse native forests through forest conservation, preservation and restoration of productive managed forest lands, forest reserve areas, redwood forests and other forest types, including the conservation of water resources and natural habitat for native fish, wildlife and plants found on the Property (individually and collectively, the "Purposes of Grant").

3. CONDITIONS OF GRANT

Grantor's obligation to disburse Grant Funds under this Agreement is conditioned upon and subject to the satisfaction of all of the following conditions precedent:

3.1. Grantor shall have reviewed and approved all documents pertaining to Grantee's acquisition of the Property and the sale and transfer of the Property to Successor Grantee, including, without limitation, appraisals, preliminary title reports and items referenced therein, options, agreements for purchase and sale, escrow instructions, financing documents (including but not limited to security instruments) and instruments of conveyance, as the same may be updated or amended prior to the close of escrow. Such review and approval by Grantor shall not be unreasonably withheld or delayed. Grantee shall have removed or caused to be removed, or otherwise addressed to the satisfaction of Grantor, any encumbrances or defects of title that Grantor determines are inconsistent, or could interfere, with the Purposes of Grant. Any outstanding security interests or monetary encumbrances affecting the Property shall have been terminated.

3.2. Grantee shall acquire the Property from a willing seller for a purchase price that does not exceed the fair market value of the Property, as established by an

appraisal that meets the requirements of Public Resources Code Section 5096.510 and is conducted by an appraiser who is licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code. The appraisal shall be prepared pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), reviewed by a qualified independent appraiser according to the requirements of Public Resources Code Section 5096.512, and approved by the Department of General Services. The appraisal shall become part of the project file maintained by Grantor and shall be retained for no less than three years from the date of value.

3.3. Grantor shall have reviewed and approved (a) a certified resolution or other appropriate action of the governing board or governing body of Grantee, authorizing the execution and performance of this Agreement and the acquisition of the Property by Grantee, and (b) a certified resolution or other appropriate action of the governing board or governing body of Successor Grantee, authorizing the execution and performance of this Agreement and the acquisition of the Property by Successor Grantee. Upon approval by Grantor, the authorizing resolution(s) or other action(s) shall be attached to this Agreement as **Exhibit B**.

3.4. Grantee shall have deposited, or caused to be deposited, into escrow all funds beyond those granted under this Agreement that are needed for Grantee to complete the Project.

4. DISBURSEMENT PROCEDURE

Except as provided in Section 17, upon satisfaction of all of the above Conditions of Grant, and subject to approval of the Project by the Wildlife Conservation Board at a duly noticed public meeting, Grantor shall disburse the Grant Funds directly into an escrow account established for the Project according to the following procedure:

4.1. Grantee shall request disbursement of the Grant Funds by sending a letter to Grantor ("Disbursement Request"). The Disbursement Request shall be signed by an authorized representative of Grantee and shall contain all of the following:

- a. Name and address of Grantee;
- b. Project Name and Number of Grant Agreement;
- c. Dollar amount and purpose of disbursement;
- d. Name, address and telephone number of the title company or escrow holder, name of the escrow officer, and the escrow account number to which the Grant Funds will be disbursed; and
- e. A certification by Grantee that all funds (exclusive of the Grant Funds to be provided under this Agreement) needed to complete the Project have been secured and have been or will be deposited to escrow prior to or at the same time as the requested Grant Funds.

4.2. After receipt of the Disbursement Request, Grantor will promptly and timely (estimated to be 45 working days from the date Grantor receives the Disbursement

Request) disburse an amount not to exceed Five Million Dollars (\$5,000,000.00) into the designated escrow account to be applied to the purchase price of the Property.

5. COVENANTS OF GRANTEE AND SUCCESSOR GRANTEE

In consideration of Grantor's disbursement of the Grant Funds, Grantee and Successor Grantee each hereby covenants and agrees as follows:

5.1. The Grant Funds shall be used as purchase money only, which excludes escrow and title fees and all other fees, costs and expenses incurred to accomplish the transaction (including, without limitation, obtaining funds needed to complete the Project) and the conveyance and acquisition of the Property.

5.2. The Property shall be held and used only in a manner that is consistent with this Agreement, including the "Purposes of Grant" set forth in Section 2.

5.3. Grantee and Successor Grantee shall recognize the cooperative nature of the Project and shall provide credit to the Grantor, the California Department of Fish and Wildlife ("CDFW") and any other contributor on signs, demonstrations, press releases promotional materials, advertisements, publications or exhibits prepared or approved by Grantee or Successor Grantee referencing the Project. Subject to the mutual agreement of Grantor and Grantee or Successor Grantee regarding text, design and location, Grantee shall (or shall cause Successor Grantee to) post sign(s) on the Property to indicate the participation of Grantor and CDFW in Grantee's purchase of the Property; *provided, however*, that the sign(s) shall display Grantor's logo, as shown on **Exhibit C**.

5.4. The Property (including any portion of it or any interest in it) shall not be sold, transferred, exchanged or otherwise conveyed without the written approval of the State of California, acting through the Executive Director of the Wildlife Conservation Board ("WCB"), or its successor. Such approval shall not be unreasonably withheld as long as the Property shall continue to be held and used only in a manner consistent with this Agreement, including the Purposes of Grant set forth in Section 2, and each successor-in-interest assumes and agrees in writing to be bound by the terms, covenants and conditions of this Agreement.

Grantee and Successor Grantee have informed Grantor that the Project will be funded in part with proceeds from a transaction utilizing New Market Tax Credits available under Section 45D of the Internal Revenue Code of 1986, as amended ("NMTC"), and that the NMTC transaction will require Successor Grantee to purchase the Property from Grantee on the date of close of escrow of Grantee's acquisition of the Property ("Transfer Date"). Grantor hereby approves the sale and transfer of the Property by Grantee to Successor Grantee by grant deed in the form attached as **Exhibit E** to this Agreement. By executing this Agreement, Successor Grantee hereby assumes and agrees to be bound by all of the covenants, obligations and liabilities of Grantee under this Agreement from and after the Transfer Date, at which time all references to "Grantee" in this Agreement shall be deemed to include Successor Grantee.

Grantee and Successor Grantee have also informed Grantor that, following

repayment of the NMTC Financing (as defined in Section 5.6), Successor Grantee desires to transfer fee title to the Property to the Yurok Tribe, a federally recognized Indian tribe ("Yurok Tribe"). Grantor consents to such transfer so long as at the time of transfer there is no uncured breach or default under this Agreement; any outstanding security interests or monetary encumbrances affecting the Property shall have been terminated; and the Yurok Tribe does all of the following: (a) covenants and agrees in writing that the Property shall be held and used only in a manner consistent with this Agreement, including the Purposes of Grant set forth in Section 2; (b) assumes and agrees in writing to be bound by the terms, covenants and conditions of this Agreement; and (c) provides a limited waiver of sovereign immunity in favor of Grantor to ensure enforcement of this Agreement and the Purposes of Grant according to their terms, each of which shall be acceptable to Grantor in form and substance and duly authorized under Tribal law. Grantee shall notify Grantor of a proposed transfer of the Property to the Yurok Tribe not less than 180 days and not more than 360 days prior to the proposed date of transfer.

Should the Yurok Tribe acquire the Property and then later desire to transfer it to the United States in order for the Property to be held in trust for the Yurok Tribe, such transfer shall require the written approval of the State of California, acting through the Executive Director of WCB or its successor, according to the requirements of this Agreement and applicable law. Provided, however, that in lieu of requiring the United States to assume and agree in writing to be bound by the terms, covenants and conditions of this Agreement, Grantor's approval of such transfer may instead be subject to the execution of an agreement between Grantor and the United States that Grantor determines is sufficient to protect the interest of the State of California.

5.5. The Property may not be used to satisfy any requirement or condition imposed by any permit, agreement, authorization or entitlement for use ("Mitigation"), including but not limited to any requirement to compensate for or otherwise offset impacts of an activity, without the written approval of the State of California acting through the Executive Director of WCB or its successor. The State shall not approve any Mitigation on account of (i) the protection of the Property resulting from its acquisition or ownership by Grantee, Successor Grantee, the Yurok Tribe or the United States; (ii) any Mitigation that is inconsistent with this Agreement, including the Purposes of Grant, or (iii) any activity on the Property (including but not limited to restoration) to cure, correct or otherwise remedy any breach or default of this Agreement. If the State approves any Mitigation under this paragraph, such approval shall be for the purposes of this Agreement only. Actual Mitigation requirements and conditions will be established and enforced by the authorities imposing them.

5.6. The Property (including any portion of it or interest in it) may not be used as security for any debt without the written approval of the State of California, acting through the Executive Director of WCB, or its successor.

Grantee and Successor Grantee have informed Grantor that Grantee intends to obtain up to \$1.9 million of NMTC financing (the "NMTC Financing") to assist in funding Grantee's purchase of the Property, according to the structure described and depicted in **Exhibit F**, and that such NMTC financing must be secured by the Property for a period of up to seven years from the date of close of escrow. All

documents and instruments, including deeds of trust and other security instruments, associated with the NMTC Financing shall be subject to review and approval by Grantor pursuant to Section 3.1. In addition, any security instrument(s) recorded against the Property in connection with the NMTC financing shall be subordinated to this Agreement and the Notice described in Section 5.7 by a written, recorded subordination agreement in form and substance acceptable to Grantor.

Grantee and Successor Grantee shall promptly notify Grantor in writing of any breach or default under or in connection with the NMTC Financing and any amendment, modification or termination of any document or instrument, including deeds of trust and other security instruments, associated with the NMTC Financing. Any breach or default under or in connection with the NMTC Financing, including without limitation any enforcement notice or action taken under any deed of trust recorded against the Property, shall also constitute a breach of this Agreement.

5.7. Grantee and Successor Grantee shall execute and record or cause to be recorded, concurrently with close of escrow for the purchase of the Property, a Notice of Unrecorded Grant Agreement (the "Notice"), incorporating by reference this Agreement and giving public notice that Grantee received funds under this Agreement in order to assist Grantee in acquiring the Property and that, in consideration for the receipt of the Grant Funds, Grantee and Successor Grantee each has agreed to the terms of this Agreement. The Notice shall be in the form of **Exhibit D**.

5.8. Grantee and Successor Grantee shall provide to Grantor, promptly following the close of escrow, a conformed copy of the recorded deed(s), Notice and subordination agreement(s), with all recording information, as well as copies of the final closing or settlement statement(s) and the title insurance policy insuring Successor Grantee as the owner of fee simple title to the Property. Grantee and Successor Grantee shall also provide copies of such other documents related to the closing of the above transaction and the NMTC Financing as requested by Grantor. These documents shall become part of the project file maintained by Grantor.

5.9. At the request of Grantor, not less than once in any period of three calendar years, Grantee shall allow designated staff of Grantor to access the Property to assess compliance with the terms, covenants and conditions of this Agreement.

5.10. Grantee may initiate a carbon sequestration project ("Carbon Project") on the Property and is not required to take into account the terms and conditions of this Grant Agreement when calculating the baseline/business as usual of the Property for purposes of establishing carbon credits or other emissions offsets proposed to be authorized, created, sold, exchanged or transferred (Carbon Offsets). Grantee agrees to notify Grantor prior to any such proposed establishment. Grantor acknowledges that all net carbon revenues generated by a Carbon Project on the Property are encumbered by a "Credit Agreement" entered into by and between The David and Lucile Packard Foundation ("Foundation") and Grantee on December 6, 2013. The Credit Agreement requires Grantee to transfer all Carbon Revenues, as defined below to the Foundation until all the obligations under the Credit Agreement are satisfied. "Carbon Revenues" are the gross revenues generated by the Carbon Project, less costs and expenses actually incurred by Grantee in connection with such revenue generation, but only to the extent such costs and expenses do not

exceed, in the aggregate, the amount equal to fifteen percent (15%) of such gross carbon revenues collected. Once the obligations under the Credit Agreement are satisfied in full, Grantee shall use all Carbon Revenues (1) for management and maintenance of the Property or (2) with the prior written approval of WCB, for other conservation purposes. Grantee covenants and agrees that it shall make an accounting of all Carbon Revenues and their use in an annual report ("Annual Carbon Report") to WCB. The Annual Carbon Report shall be delivered to WCB by January 31 of each year, and shall document and account for all Carbon Revenues received and disbursed in the previous calendar year.

Grantee covenants and agrees that it shall take all steps legally available to protect Grantor from liability for losses occurring due to the operation of the Carbon Project, including: (1) unless otherwise required by law, in documentation with respect to the Carbon Project entered into or filed with the entity (whether regulatory or private) which sets forth the rules and requirements for issuance of Carbon Offsets ("Offset Oversight Body"), Grantee will ensure that WCB shall not be identified as the "Project Operator," "Forest Owner" or such similar term used in the applicable protocols for the Carbon Project established and maintained by the Offset Oversight Body; (2) Grantee shall make reasonable efforts to ensure that WCB is not, and cannot be, considered a Forest Owner and as such, shall not be liable for a reversal under the Carbon Project or any other liability, financial or otherwise, related to the Carbon Project; (3) upon request by Grantor, Grantee shall make reasonable efforts to obtain a release from the Offset Oversight Body stating that Grantor is not, and cannot be considered, a Forest Owner and has no liability as such; and (4) Grantee shall indemnify Grantor pursuant to Section 10 of this Agreement for all losses incurred by Grantor due to the operation of the Carbon Project, which include losses for which Grantor might be responsible as a Forest Owner.

5.11. Grantee's use and management of the Property shall be consistent with this Agreement, including the Purposes of Grant set forth in Section 2, and shall be conducted in accordance with a written plan prepared by or on behalf of Grantee, in consultation with CDFW, and approved in writing by Grantor ("Management Plan"). The Management Plan will include provisions for enhancing the tremendous fisheries values of the Property and for achieving specified goals related to forest management, including eliminating clear cut harvesting and the use of herbicides; expanding protective riparian stream buffers; decommissioning excess roads; and implementing watershed, fisheries and habitat restoration projects. Grantor and Grantee agree that CDFW shall have the opportunity to review the Management Plan, and any updates or amendments to it, prior to written approval by Grantor. Any updates or amendments to the Management Plan shall require the written approval of Grantor.

5.12 Grantee agrees that the 3,798-acre portion of the Property encompassing the Blue Creek Watershed ("Blue Creek Preserve" or "Preserve") will be managed specifically to provide a sanctuary for fish and wildlife. Grantee's management of this Blue Creek Preserve shall be conducted in accordance with the Management Plan and shall highlight salmonid recovery and restoration of habitat for other threatened and endangered species. The Management Plan will include provisions to achieve the following objectives for the Blue Creek Preserve:

- Managing the Preserve to return it to old-growth forest conditions for fish and

wildlife protections, water and aquatic habitat quality improvements, and sequestering carbon.

- Reducing or eradicating feral cattle.
- Expanding treatment of road-related sediment issues, including road-decommissioning activities, riparian habitat restoration, and improvements to the Blue Creek Bridge.
- Continuing to collaborate with the Lower Klamath Restoration Partnership on watershed restoration planning and resource management issues between private landowners, Tribal interests, and public agencies.
- Implementing restoration actions guided by the Blue Creek Restoration Plan¹ to promote coho recovery and improve habitat integrity for other aquatic-dependent species and by the Lower Klamath River sub-basin restoration plan², which provides extensive historical background and inventory information on the status of fish species and aquatic habitats in dozens of tributaries to the Klamath River, and prioritizes restoration needs for these tributaries.
- Continuing to conduct annual monitoring of spawning and rearing salmonids using direct observation snorkel survey methodology.³

6. BREACH AND DEFAULT

6.1. In the event of a breach of any of the terms, covenants or conditions of this Agreement, Grantor shall give written notice to Grantee describing the breach. Notice shall be deemed given when personally delivered or deposited in the United States Mail, postage prepaid, or with a reliable overnight courier, addressed to Grantee at Grantee's address for notices set forth at the beginning of this Agreement.

6.2. If Grantee does not cure the breach within 90 days of the date a notice of breach is given or, if the breach is not curable within said 90-day period, Grantee does not commence the cure within the 90-day period and diligently pursue it to completion, then Grantee shall be in default ("Default") under this Agreement.

6.3. Grantee shall also be in Default under this Agreement upon the discovery that any information given to Grantor by or on behalf of Grantee or Successor Grantee under or in connection with obtaining this Agreement was materially false or misleading. Notice of a Default under this Section 6.3 shall be given in accordance with Section 6.1.

7. REMEDIES

¹ Beesley, S. and R.A. Fiori. 2008. Restoration Planning in Lower Blue Creek, Lower Klamath River: Phase I. Yurok Tribal Fisheries Program, Klamath, California.

http://www.yuroktribe.org/departments/fisheries/documents/YTFP_2008_BlueCreekRestorationPlan-PhaseIFINAL_001.pdf

² Gale, D.B. and D.B. Randolph. 2000. Lower Klamath River sub-basin watershed restoration plan. Yurok Tribal Fisheries Program, Klamath, California.

http://www.yuroktribe.org/departments/fisheries/documents/LowerKlamathRestorationPlanFINAL2000_000.pdf

³ Antonetti, A. 2009. Assessment of Anadromous Salmonid Spawning in Blue Creek, Tributary to the Lower Klamath River, during 2009. Yurok Tribal Fisheries Program, Klamath, California.

<http://www.yuroktribe.org/departments/fisheries/documents/YTFP2009BlueCreekSpawnerFINALReport.pdf>

In the event of a Default under this Agreement, in addition to any and all remedies available at law or in equity, Grantor shall have the following remedies:

7.1. Grantor may seek specific performance of this Agreement. Grantee agrees that payment by Grantee to Grantor of an amount equal to the Grant Funds disbursed under this Agreement would be inadequate compensation to Grantor for any Default because the benefit to be derived by Grantor from full compliance by Grantee with the terms of this Agreement is that the Property shall be held and used for the Purposes of Grant described in Section 2 of this Agreement and because such benefit exceeds to an immeasurable and unascertainable extent the amount of money furnished by Grantor by way of Grant Funds under this Agreement.

7.2. Grantor may require Grantee to convey a conservation easement over the Property in favor of Grantor (or, at the election of Grantor, another entity or organization authorized by California law to acquire and hold conservation easements and that is willing and financially able to assume all of the obligations of Grantee), and to pay a sum to Grantor which, when combined with the fair market value of the conservation easement, equals the sum granted to Grantee pursuant to this Agreement, together with interest compounded semi-annually starting from the date of this Agreement to and including the date of payment, at a rate equivalent to that which is being earned at the time of Default on deposits in the State of California's Pooled Money Investment Account. The conservation easement shall be for all of the following purposes: to preserve wildlife habitat; to provide habitat corridors to prevent habitat fragmentation; to protect significant natural landscapes and ecosystems and other significant habitat areas; and for forest conservation and protection that promotes the ecological integrity and economic stability of California's diverse native forests through forest conservation, preservation and restoration of productive managed forest lands, forest reserve areas, redwood forests and other forest types, including the conservation of water resources and natural habitat for native fish, wildlife and plants found on the Property. The value of the conservation easement shall be determined by a fair market value appraisal that is conducted by an appraiser who is licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code and acceptable to Grantor. The appraisal shall be prepared pursuant to applicable laws and USPAP and, if required by law, approved by the Department of General Services.

7.3. Despite the contrary provisions of Article 6 of this Agreement, if Grantor determines that circumstances require immediate action to prevent or mitigate interference with the Purposes of Grant arising from a breach of this Agreement, then Grantor may pursue its remedies without waiting for the period provided for cure to expire.

8. NONPROFIT ORGANIZATION GRANTEE

If the existence of Grantee is terminated for any reason, title to all interest in real property acquired with state funds shall immediately vest in the State of California. However, prior to that termination, upon approval of Grantor, another public agency or nonprofit organization may receive title to all or a portion of that interest in real property by recording its acceptance of title in writing. Any deed or other instrument of conveyance whereby real property is being acquired by a nonprofit organization

pursuant to this Section 8 shall be recorded and shall set forth the executory interest or right of entry on the part of the State of California.

9. TERM

9.1. This Agreement shall be deemed executed and effective when signed by an authorized representative of each party and received in the respective offices of Grantee, Successor Grantee and Grantor, together with the resolutions described in Section 3.3 (the "Effective Date"). Grantee, Successor Grantee and Grantor shall each sign three original Agreements. Grantee and Successor Grantee shall receive one completely executed original and Grantor shall receive one completely executed original.

9.2. The term of this Agreement will commence on the date authorized by the Wildlife Conservation Board, as set forth in Section 16 and, unless previously terminated as provided in Section 9.3, will expire on September 1, 2015, if escrow has not closed by that date.

9.3. Prior to close of escrow for Grantee's acquisition of the Property, Grantor or Grantee may terminate this Agreement for any reason or for no reason, by providing the other parties with not less than 15 days written notice of such termination. If this Agreement is terminated after Grantor's deposit of the Grant Funds into escrow but before close of escrow for Grantee's acquisition of the Property, Grantee shall cause the escrow holder to immediately return all Grant Funds to Grantor and Grantee shall bear all costs and expenses of such termination.

9.4. The provisions of this Agreement that are not fully performed as of the close of escrow, including but not limited to Section 2 (Purposes of Grant) and Section 5 (Covenants of Grantee and Successor Grantee), shall survive the close of escrow for the acquisition of the Property by Grantee and the close of escrow for the acquisition of the Property by Successor Grantee and remain in full force and effect.

10. LIABILITY; MODIFICATIONS; INTERPRETATION

10.1. Grantee shall indemnify, protect and hold harmless Grantor, CDFW, the State of California, and their respective members, directors, officers, agents, and employees (each an "Indemnified Party"), from and against any and all claims, demands, damages, liabilities, losses, costs (including attorneys' fees) and expenses (collectively, "Claims") arising out of, connected with, or incident to this Agreement or the acquisition, ownership, use, management, operation or maintenance of the Property, except that Grantee shall have no obligation to indemnify or hold harmless an Indemnified Party for Claims caused by the negligent or wrongful act of that Indemnified Party.

10.2. This Agreement may be modified only by written amendment signed by Grantor, Grantee and Successor Grantee. No prior or contemporaneous oral understanding or agreement not incorporated in this Agreement shall be binding on the parties.

10.3. All references herein to "Grantee" are intended to refer to Grantee or its designee, successor or assignee as may be approved by Grantor (including, upon its acquisition of the Property, Successor Grantee).

10.4. If any provision of this Agreement or the application thereof to any person or circumstance is held to be invalid or unenforceable, that shall not affect any other provision of this Agreement or applications of the Agreement that can be given effect without the invalid provision or application and to this end the provisions of this Agreement are severable.

10.5. Grantee, Successor Grantee, and its respective officers, directors, employees, agents and representatives, is each acting in an independent capacity in entering into and carrying out this Agreement, and not as a partner, member, director, officer, agent, employee or representative of Grantor.

10.6. This Agreement is not assignable or transferable by Grantee or Successor Grantee, either in whole or in part, except in connection with a transfer of the Property approved by Grantor under Section 5.4 of this Agreement.

10.7. Any costs incurred by Grantor, where Grantor is the prevailing party, in enforcing the terms of this Agreement against Grantee, including but not limited to costs of suit, attorneys' and experts' fees, at trial and on appeal, and costs of enforcing any judgment, shall be borne by Grantee.

10.8. Enforcement of the terms of this Agreement by Grantor shall be at the discretion of Grantor, and any forbearance by Grantor to exercise its rights under this Agreement shall not be deemed or construed to be a waiver of such term or of any subsequent breach of the same or any other term of this Agreement or any of the rights of Grantor under it.

10.9. Grantor will notify Grantee and Successor Grantee as promptly as possible following Grantor's receipt of any request for information related to the Project under the California Public Records Act (Government Code Section 6250 *et seq.*).

11. CONDEMNATION

If all or any part of the Property is taken by exercise of the power of eminent domain, or acquired by purchase in lieu of condemnation, Grantor and Grantee shall act jointly to recover from the condemning authority the full value of the property so taken or purchased, and all direct or incidental damages resulting therefrom. Grantor shall be entitled to the share of the Award (as defined below) which equals the ratio of the Grant Funds provided by Grantor to the purchase price Grantee paid to acquire the Property (e.g., if Grantor provided \$50,000.00 of Grant Funds and the purchase price was \$75,000.00, then Grantor would be entitled to two-thirds of the Award). For purposes of this Agreement, the "Award" shall mean all compensation awarded, paid or received on account of the Property so taken or purchased, and all direct or incidental damages resulting from the taking or purchase, less all out-of-pocket expenses reasonably incurred by Grantee in connection with the taking or purchase.

12. AUDIT

Grantee and Successor Grantee shall each maintain complete and accurate records of its actual Project costs, in accordance with generally accepted accounting principles and practices, and shall retain said records for at least three years after final disbursement by Grantor. During such time, Grantee and Successor Grantee shall make said records available (or cause them to be made available) to the State of California for inspection and audit purposes during normal business hours. Expenditures not documented, and expenditures not allowed under this Agreement or otherwise authorized in writing by Grantor shall be borne by Grantee and Successor Grantee, as applicable. The audit shall be confined to those matters connected with this Agreement, including but not limited to administration and overhead costs.

13. UNION ORGANIZING

By signing this Agreement, Grantee and Successor Grantee each hereby acknowledges the applicability of Government Code Sections 16645 through 16649 to this Agreement and certifies that:

13.1. No state funds disbursed by this grant will be used to assist, promote or deter union organizing;

13.2. Grantee shall account for state funds disbursed for a specific expenditure by this grant, to show those funds were allocated to that expenditure;

13.3. Grantee and Successor Grantee shall, where state funds are not designated as described in Section 13.2 above, allocate, on a pro-rata basis, all disbursements that support the grant program; and

13.4. If Grantee or Successor Grantee makes expenditures to assist, promote or deter union organizing, it will maintain records sufficient to show that no state funds were used for those expenditures, and that it shall provide those records to the Attorney General upon request.

14. NON-DISCRIMINATION

During the performance of this Agreement, neither Grantee nor Successor Grantee shall unlawfully discriminate against, harass, or allow harassment against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical disability (including HIV and AIDS), mental disability, medical condition, marital status, age (over 40), sex, sexual orientation, or use of family-care leave, medical-care leave, or pregnancy-disability leave. Grantee and Successor Grantee each shall take affirmative action to ensure that the evaluation and treatment of its employees and applicants for employment are free of such discrimination and harassment. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Grantee and Successor Grantee each shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 (a – f) *et seq.*), and applicable regulations (California Code of Regulations, Title 2, Section 7285 *et seq.*). The regulations of the Fair Employment and Housing Commission regarding Contractor Nondiscrimination and

Compliance (Chapter 5 of Division 4 of Title 2 of the California Code of Regulations) are incorporated by reference into this Agreement. Grantee and Successor Grantee each shall give written notice of its obligations under this non-discrimination clause to labor organizations with which it has a collective bargaining or other agreement, and shall post in conspicuous places available to employees and applicants for employment, notice setting forth the provisions of this section. Grantee and Successor Grantee each shall also include the nondiscrimination and compliance provisions of this Agreement in all contracts related to the Project.

15. EXHIBITS

Each of the Exhibits referenced in this Agreement is incorporated by reference as though set forth in full herein. The following Exhibits are attached to this Agreement:

Exhibit A – Property Description

Exhibit B – Certified Resolution(s) or Other Action(s) of Governing Bodies of Grantee and Successor Grantee

Exhibit C – Grantor's Logo

Exhibit D – Form of Notice of Unrecorded Grant Agreement

Exhibit E – Form of Grant Deed by Grantee to Successor Grantee

Exhibit F – Description of NMTC Financing Structure

16. AUTHORIZATION

The signature of the Executive Director certifies that at the Wildlife Conservation Board meeting held on November 20, 2014, the Board authorized the award of an acquisition grant to Grantee as provided in this Agreement.

17. NON-AVAILABILITY OF FUNDS.

Grantor shall not be obligated to disburse any Grant Funds under this Agreement unless and until the bond cash proceeds identified for allocation to the Project (as further specified in the Funding Certification attached to this Agreement) are released by the State Treasurer's Office to Grantor for expenditure for this grant. Despite any contrary provision of this Agreement, no request for disbursement submitted prior to the release of such bond cash proceeds to Grantor shall be effective.

IN WITNESS WHEREOF, this Agreement is made and entered into as of the 20th day of November, 2014, in the State of California, by and between the Wildlife Conservation Board, Western Rivers Conservancy and Western Rivers Forestry, each of which hereby agrees to the terms and conditions referenced on pages 1 through 15, along with Exhibits A through F, of this Agreement.

STATE OF CALIFORNIA
WILDLIFE CONSERVATION BOARD

By: _____
John P. Donnelly

Title: Executive Director

Date: _____

GRANTEE:

WESTERN RIVERS CONSERVANCY,
an Oregon nonprofit public benefit
corporation

By: _____
Sue Doroff

Title: President

Date: Nov. 18, 2014

SUCCESSOR GRANTEE:

WESTERN RIVERS FORESTRY,
a California non-profit public benefit
corporation

By: _____
Sue Doroff

Title: President

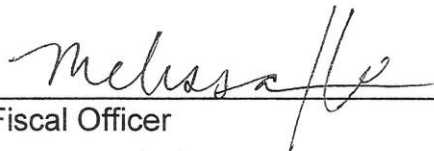
Date: Nov 18, 2014

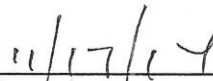
Blue Creek
Humboldt and Del Norte Counties
Project ID 2011172
WC-1420JW

**Blue Creek
Humboldt and Del Norte Counties
Project ID 2011172**

FUNDING CERTIFICATION

I hereby certify that (a) the following funds will be encumbered on behalf of Grantor; and (b) Grant Funds shall not be disbursed unless and until sufficient proceeds from the source identified below become available to Grantor to disburse.


Fiscal Officer


Date

Grantee: Western Rivers Conservancy
71 SW Oak St., Suite 100
Portland, OR 97204

Sue Doroff
(503) 241-0151

WCB Grant Agreement: WC- 1420JW

Agreement Term: November 20, 2014 to November 20, 2015

WCB Grant Amount: \$5,000,000.00

Fund Source: Habitat Conservation Fund, Section 2786bc
Appropriation Item: Chapter 20, Statutes of 2013
3640-301-0262
Expenditure Code 14-1000-811-53000 Amount: \$1,500,000.00

Fund Source: Safe Drinking Water, Water Quality and Supply,
Flood Control, River and Coastal Protection Fund of
2006, Section 75055(a)
Appropriation Item: Chapter Prop 84, Statutes of 2006
3640-801-6051
Expenditure Code 14-1000-811-28400 Amount: \$3,500,000.00

EXHIBIT A

(Legal Description)

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF HUMBOLDT, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PHASE 2B

In Township 12 North, Range 2 East, Humboldt Meridian:

Section 13:

South Half and South Half of Northwest Quarter.

APN 533-143-004 (portion)

Section 14:

Southeast Quarter, East Half of Southwest Quarter and Southwest Quarter of Southwest Quarter.

APN 533-142-005 portion and 533-142-002

Section 22:

The East Half of the Northeast Quarter.

APN 533-146-006

Section 23:

Entire section.

APN 533-145-003

Section 24:

Entire section.

EXCEPTING FROM the North Half and the Southeast Quarter of said Section 24 all rights of every kind, class and character to any oil or minerals in or upon said lands. As reserved by Yetta Bull et al in Deeds recorded January 28, 1955 in Book 2 of Official Records, pages 87, 88, 89, 90, 91, 93 and 97, respectively.

APN 533-144-003

Section 25:

Entire section.

EXCEPTING FROM the Northwest Quarter of the Southwest Quarter, the South Half of the Southwest Quarter, the South Half of the Southeast Quarter and the Northeast Quarter of said Section 25 all rights of every kind, class and character to any oil or minerals in or upon said lands. As reserved by Yetta Bull et al in Deeds recorded January 28, 1955 in Book 2 of Official Records, pages 87, 88, 89, 90, 91, 93 and 97, respectively.

APN 533-113-005

Section 26:

Entire section.

EXCEPTING FROM the Southeast Quarter of the Northwest Quarter, the South Half of the Northeast Quarter and the South Half of said Section 26 all rights of every kind, class and character to any oil or minerals in or upon said lands. As reserved by Yetta Bull et al in Deeds recorded January 28, 1955 in Book 2 of Official Records, pages 87, 88, 89, 90, 91, 93 and 97, respectively.

ALSO EXCEPTING THEREFROM the 40-foot strip of land conveyed to Robinet Logging Co., a corporation, by Ed Fletcher Company, by deed dated November 6, 1958 and recorded December 31, 1958, in Book 516 of Official Records, page 202, as Recorder's File No. 18598.

APN 533-112-005

Section 27:

Lots 4, 5 and 8, East Half of Northeast Quarter and a 26/27 interest in Lot 1.

EXCEPTING from said Lot 1, a 1/3 interest in all minerals as reserved by Beverly Jane Thompson in deed recorded April 27, 1970, in Book 1040, page 333 and a 2/27 interest in all minerals as reserved by the United States of America in Patent recorded September 30, 1975, in Book 1309, page 174, Humboldt County Official Records.

ALSO EXCEPTING THEREFROM the 40-foot strip of land conveyed to Robinet Logging Co., a corporation, by Ed Fletcher Company, by deed dated November 6, 1958 and recorded December 31, 1958, in Book 516 of Official Records, 202, as Recorder's File No. 18598.

APN 533-111-009 and 533-111-013

Section 35:

Lots 1 and 2, the East Half of the Northwest Quarter and the Northeast Quarter; Lots 5 and 6 and the North Half of the Southeast Quarter.

EXCEPTING THEREFROM, however, that portion thereof included within the boundaries of the following described parcel of land:

BEGINNING at the intersection of the quarter section line running North and South Through the center of said Section 35 with the mean high water mark on the right bank of Klamath River; and running thence due North to a point which is 1769.66 feet North and zero feet East of the quarter section corner on the South line of said Section 35;
thence South 48 degrees East, 629.10 feet to a point;
thence due South to the mean high water mark to Klamath River; and
thence Northwesterly along the mean high water mark of Klamath River to the point of beginning.

ALSO EXCEPTING THEREFROM that portion described as follows:

BEGINNING at a point which is 1453.04 feet North and 153.40 feet East of the quarter corner on the South line of said Section 35;
thence North 8 degrees East, 160.00 feet to the true point of beginning of the land to be described herein;
thence South 48 degrees East, 210.00 feet;
thence North 52 degrees 30 minutes East, 200.00 feet;
thence North 51 degrees West to the quarter section line running North and South through said Section 35;
thence Southerly along the last-mentioned line, to a point that is 1769.66 feet North and zero feet East of the aforementioned quarter section corner on the South line of said Section 35;
thence South 48 degrees East, 236.38 feet to the true point of beginning.

APN 533-115-012

Section 36:

The Northwest Quarter of the Southeast Quarter, the North Half of the Northeast Quarter and the Southeast Quarter of the Northeast Quarter and the Northwest Quarter.

EXCEPTING FROM said North Half of the Northeast Quarter and the Southeast Quarter of the Northeast Quarter all oil, gas, oil shale, coal, phosphate, sodium, gold, silver and all other mineral deposits contained in

EXHIBIT "A" (continued)

said land, and the right to drill for, mine and remove such deposits of other minerals from said land, and to occupy and use so much of the surface of said land as may be required therefor, upon compliance with the conditions and subject to the provisions and limitations of Chapter 5, Part I, Division 6 of the Public Resources Code. Being the same as reserved by the State of California in its Patent to Bud T. Ryerson, dated September 12, 1955 and recorded April 18, 1956 as Recorder's Serial No. 6022, Humboldt County Records.

APN 533-114-003 and 533-114-006

In Township 12 North, Range 3 East, Humboldt Meridian:

Section 5:

Lots 2 and 3, Southwest Quarter of Northeast Quarter, South Half of Northwest Quarter, and Southwest Quarter.

APN 533-182-006 and 533-182-008

Section 6:

Lots 1, 2, 3, 4, 5, 6 and 7, Southeast Quarter of Northwest Quarter, South Half of Northeast Quarter, East Half of Southwest Quarter, and Southeast Quarter.

APN 533-181-002 and 533-181-007

Section 7:

Lots 1, 2, 3 and 4, East Half of West Half, and Northeast Quarter.

APN 533-184-005

Section 8:

Northwest Quarter.

APN 533-183-002

Sections 37, 38, 39, 40, 41 and 42:

Entire sections.

APN 533-121-005, 533-121-006, 533-131-005, 533-131-006, 533-181-008 and 533-181-009

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF DEL NORTE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

In Township 13 North, Range 3 East, Humboldt Meridian:

Section 30:

Lots 3 and 4.

APN 141-090-22 (portion)

Section 31:

Lots 1, 2, 3 and 4; East Half of the Southwest Quarter; West Half of the Southeast Quarter; Southeast Quarter of the Southeast Quarter; North Half of the Northeast Quarter; Southwest Quarter of the Northeast Quarter; and East Half of the Northwest Quarter.

EXHIBIT "A" (continued)

APN 141-090-20 and 141-090-22 (portion)

The above lands in Sections 30 and 31 being also known as Tract 37 as per BLM Government Land Survey dated February 2, 1988.

Section 37:

Entire Section.

APN 141-090-23 and 141-090-24

Section 38:

Lot 2.

APN 141-090-25

EXHIBIT B

(Resolutions)

**WESTERN RIVERS CONSERVANCY
BOARD RESOLUTION**


(California Wildlife Conservation Board/California Coastal Conservancy Grants)

The Board of Directors of Western Rivers Conservancy (WRC) has reviewed and approved the staff reports and recommendations concerning the proposed acquisition of the approximately 6,479 acre Phase 2B portion of the Blue Creek property from Green Diamond Resources Corporation including 3,789 acres located in the Blue Creek drainage, Humboldt and Del Norte Counties, California and 2,681 acres located in the Bear Creek and other drainages. The Board of Directors believes that the acquisition of the identified property is exempt from the provisions of the California Environmental Quality Act; that the identified property possesses high ecological and habitat values; that the use of grant funds from California Wildlife Conservancy and California Coastal Conservancy and other funding sources as negotiated by staff is an appropriate expenditure; authorizes the execution of California Wildlife Conservation Board Grant Agreement for Acquisition of Fee Interest Number WC 1420JW and the acceptance of grant funds from the agency(ies) listed therein for the purpose of acquisition of the identified property; and authorizes the acquisition of fee title to the identified property for further transfer to Western Rivers Forestry, a supporting organization of Western Rivers Conservancy, on terms and conditions satisfactory to its President, Sue Doroff or its Vice President, Phillip Wallin.

FURTHER, that the President of Western Rivers Conservancy, Sue Doroff, or its Vice President, Phillip Wallin, is hereby authorized to execute any and all documents necessary or convenient to the completion of this transaction, including, without limitation, real estate transfer agreements, grant agreements, deeds, mortgages, deeds of trust, promissory notes, and customary closing documents.

I, Juliette Harding, certify that I am the duly elected Secretary of Western Rivers Conservancy, a nonprofit corporation organized under the laws of the State of Oregon. I further certify that the resolution set forth above was adopted in accordance with the Bylaws of Western Rivers Conservancy by unanimous consent of the Board of Directors as of November 17, 2014 and that said resolution has not been modified nor rescinded.

Executed at Portland, Oregon this 2nd day of December, 2014.



Juliette Harding
Secretary

**ACTION BY UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
WESTERN RIVERS FORESTRY**

The undersigned, constituting all of the directors of Western Rivers Forestry, a California Nonprofit Public Benefit Corporation (the "Corporation"), in lieu of holding a special meeting of the Board of Directors of the Corporation, do hereby adopt the following resolutions by unanimous written consent in accordance with Section 5211(b) of the California Corporations Code and Section 6.14 of the Bylaws of the Corporation:

**WESTERN RIVERS FORESTRY
BOARD RESOLUTION
(California Wildlife Conservation Board/California Coastal Conservancy Grants)**

The Board of Directors of Western Rivers Forestry (WRF) has reviewed and approved the Western Rivers Conservancy (WRC) staff reports and recommendations concerning WRC's proposed acquisition of the approximately 6,479 acre Phase 2B portion of the Blue Creek property from Green Diamond Resources Corporation including 3,798 acres located in the Blue Creek drainage, Humboldt and Del Norte Counties, California and 2,681 acres located in the Bear Creek and other drainages and the subsequent transfer of the identified property to WRF. The Board of Directors understands and agrees that the identified property will be encumbered by the terms and conditions of unrecorded grant agreements from California Wildlife Conservancy and California Coastal Conservancy and other funding sources as negotiated by WRC staff; and authorizes the acquisition of fee title to the identified property from Western Rivers Conservancy, on terms and conditions satisfactory to its President, Sue Doroff or its Vice President, Phillip Wallin.

FURTHER, that the President of Western Rivers Forestry, Sue Doroff, or its Vice President, Phillip Wallin, is hereby authorized to execute any and all documents necessary or convenient to the completion of this transaction, including, without limitation, real estate transfer agreements, grant agreements, deeds, mortgages, deeds of trust, promissory notes, and customary closing documents.

IN WITNESS WHEREOF, the undersigned have executed this Action by Unanimous Written Consent as of the dates set forth below.

Execution on following page.

Dated: _____, 2014

Sue Doroff

Dated: _____, 2014

Darcy Saiget

Dated: _____, 2014

Robert Anderson

Dated: 11-18, 2014



Sue Masten

WESTERN RIVERS FORESTRY BOARD RESOLUTION

Dated: _____, 2014

Sue Doroff

Dated: November 18, 2014

Darcy Saiget
Darcy Saiget

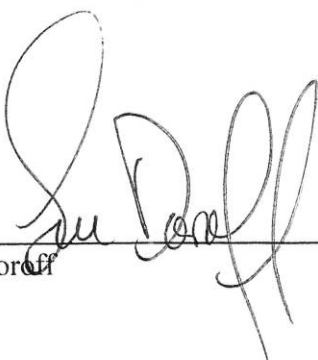
Dated: _____, 2014

Robert Anderson

Dated: _____, 2014

Sue Masten

Dated: November 18, 2014



Sue Doroff

Dated: _____, 2014

Darcy Saiget

Dated: _____, 2014

Robert Anderson

Dated: _____, 2014

Sue Masten


Dated: _____, 2014

Sue Doroff

Dated: _____, 2014

Darcy Saiget

Dated: 19 Nov _____, 2014


Robert Anderson

Dated: _____, 2014

Sue Masten

EXHIBIT C

(WCB Logo)

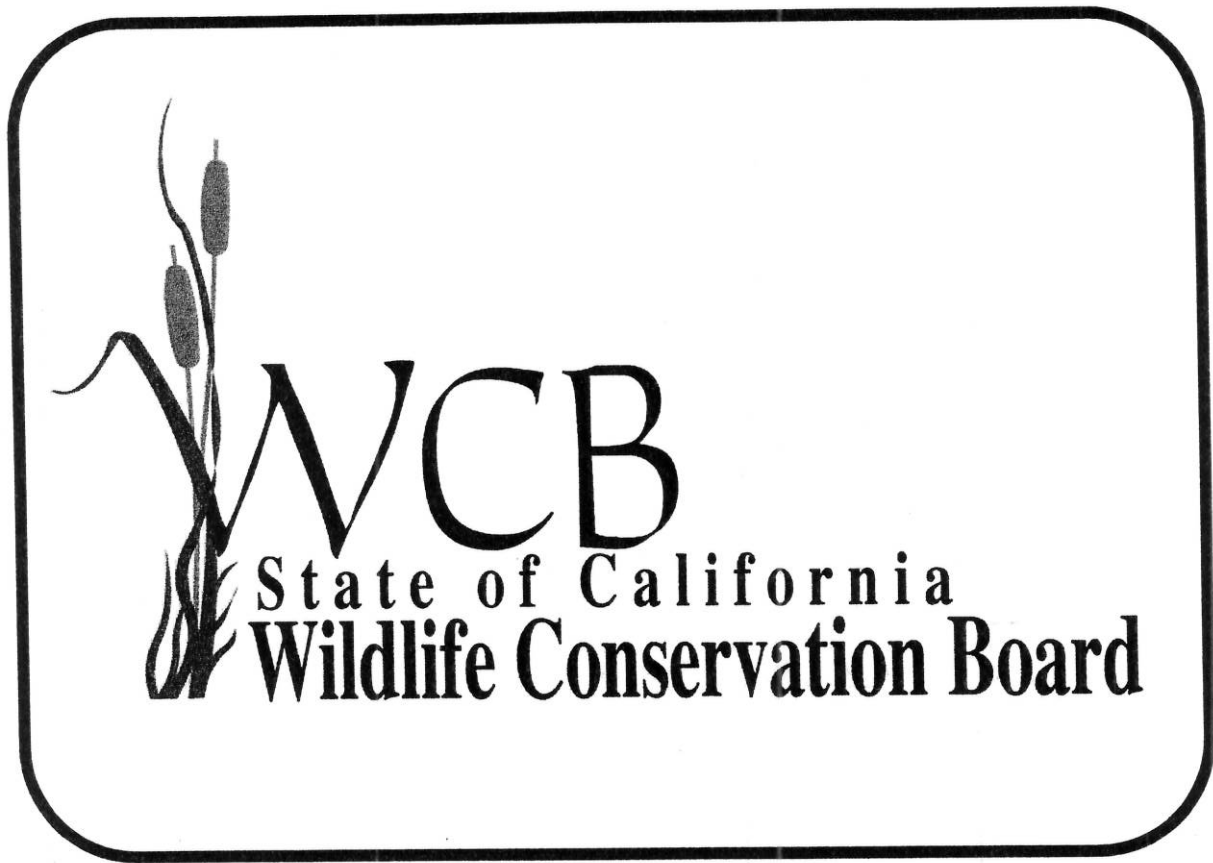


EXHIBIT D

(Notice of Unrecorded Grant Agreement)

EXHIBIT D

(Notice of Unrecorded Grant Agreement)

RECORDING REQUESTED BY:

Western Rivers Conservancy)
71 SW Oak St., Suite 100)
Portland, OR 97204)
)

WHEN RECORDED, RETURN TO:

State of California)
Wildlife Conservation Board)
Attn: Executive Director)
1807 13th Street, Suite 103)
Sacramento, CA 95811-7137)

Project Name: Blue Creek
Counties: Del Norte and Humboldt

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NOTICE OF UNRECORDED GRANT AGREEMENT (WITH COVENANTS AFFECTING REAL PROPERTY)

This Notice of Unrecorded Grant Agreement ("Notice"), dated as of _____, 20____, is made by Western Rivers Conservancy ("Grantee") and Western Rivers Forestry ("Successor Grantee") recorded concurrently with the Deed described below, to provide notice of an agreement between Grantee, Successor Grantee, and the Wildlife Conservation Board ("Grantor" or "WCB"), a subdivision of the State of California, affecting the real property described below.

1. WCB, Grantee, and Successor Grantee have entered into the California Wildlife Conservation Board Grant Agreement for Acquisition of Fee Interest, Grant Agreement No. WC-1420JW ("Grant" or "Agreement"), pursuant to which WCB grants to Grantee certain funds for Grantee's acquisition of fee title to approximately 6,479 acres of real property located in the Counties of Del Norte and Humboldt, California (the "Property"), by Grant Deed (the "Deed") from Green Diamond Resource Company Inc. The Property is legally described in **Exhibit A** attached to this Notice and incorporated in it by this reference. Initial-capitalized terms used in this Notice and not otherwise defined shall have the meaning set forth in the Grant.

2. Pursuant to the Agreement, Grantee will sell the Property to Successor Grantee on the date of close of escrow of Grantee's acquisition of the Property ("Transfer Date"). Grantor approves of the sale. Successor Grantee assumed and agreed to be bound by all of the covenants, obligations, and liabilities of Grantee under the Agreement from and after the Transfer Date. All references to Grantee in this Notice shall be deemed to include Successor Grantee.

3. Grantee and Successor Grantee agree under the terms of the Grant to execute this Notice to give notice that Grantee received funds under the Agreement to assist Grantee in acquiring the Property and that, in consideration of the Grant Funds,

Grantee and Successor Grantee have agreed to the terms of the Grant. The Grant is incorporated by reference into this Notice.

4. Grantee and Successor Grantee covenant and agree in Section 5 of the Agreement as follows:

4.1. The Property shall be held and used only in a manner that is consistent with the Agreement, including the following "Purposes of Grant" set forth in Section 2 of the Agreement:

The Property shall be held and used to preserve wildlife habitat; to provide habitat corridors to prevent habitat fragmentation; to protect significant natural landscapes and ecosystems and other significant habitat areas; and for forest conservation and protection that promotes the ecological integrity and economic stability of California's diverse native forests through forest conservation, preservation and restoration of productive managed forest lands, forest reserve areas, redwood forests and other forest types, including the conservation of water resources and natural habitat for native fish, wildlife and plants found on the Property (individually and collectively, the "Purposes of Grant").

4.2. The Property (including any portion of it or any interest in it) shall not be sold, transferred, exchanged or otherwise conveyed without the written approval of the State of California, acting through the Executive Director of the Wildlife Conservation Board ("WCB") or its successor.

4.3. The Property may not be used to satisfy any requirement or condition imposed by any permit, agreement, authorization or entitlement for use ("Mitigation"), including but not limited to any requirement to compensate for or otherwise offset impacts of an activity, without the written approval of the State acting through the Executive Director of WCB or its successor, which the State may withhold as provided in the Agreement.

4.4. The Property (including any portion of it or any interest in it) may not be used as security for any debt without the written approval of the State of California, acting through the Executive Director of WCB or its successor.

4.5. At the request of Grantor, not less than once in any period of three calendar years, Grantee shall allow designated staff of Grantor to access the Property to assess compliance with the terms, covenants and conditions of this Agreement.

4.6. Grantee may initiate a carbon sequestration project ("Carbon Project") on the Property and is not required to take into account the terms and conditions of the Agreement when calculating the baseline/business as usual of the Property for purposes of establishing carbon credits or other emissions offsets proposed to be authorized, created, sold, exchange, or transferred. All net carbon revenues generated by a Carbon Project on the Property are encumbered by a "Credit Agreement" entered into by and between The David and Lucile Packard Foundation ("Foundation") and Western Rivers Conservancy on December 6, 2013. The Credit Agreement requires Grantee to transfer all Carbon Revenues (as defined in the Agreement) to the Foundation until all the obligations under the Credit Agreement are satisfied.

Once the obligations under the Credit Agreement are satisfied in full, Grantee shall use all Carbon Revenues (1) for management and maintenance of the Property or (2) with the prior written approval of WCB, for other conservation purposes. Grantee also covenants and agrees that it shall take all steps legally available to protect Grantor from liability or losses occurring due to the operation of the Carbon Project as more fully described in the Agreement. Grantee agrees to notify WCB prior to any proposed Carbon Project.

5. Pursuant to Section 7 of the Agreement, in the event of a Default under the Agreement, in addition to any and all remedies available at law or in equity, Grantor may seek specific performance of the Grant and may require Grantee to convey a conservation easement over the Property in favor of Grantor (or, at the election of Grantor, another entity or organization authorized by California law to acquire and hold conservation easements and that is willing and financially able to assume all of the obligations and responsibilities of Grantee), and to pay a sum to Grantor which, when combined with the fair market value of the conservation easement, equals the sum granted to Grantee pursuant to the Agreement, together with interest thereon as provided in the Agreement.

6. Pursuant to Section 8 of the Agreement, if Grantee is a nonprofit organization and the existence of Grantee is terminated for any reason, title to all interest in real property acquired with state funds shall immediately vest in the State of California. However, prior to that termination, upon approval of Grantor, another public agency or nonprofit organization may receive title to all or a portion of that interest in real property by recording its acceptance of title in writing. Any deed or other instrument of conveyance whereby real property is being acquired by a nonprofit organization pursuant to this section shall be recorded and shall set forth the executory interest and right of entry on the part of the State of California.

7. Pursuant to Section 9 of the Agreement, the Grant shall remain in full force and effect from and after the close of escrow for the acquisition of the Property.

8. Pursuant to Section 10 of the Agreement, the Grant shall be binding upon Grantee and all designees, successors and assigns of Grantee (including, upon its acquisition of the Property, Successor Grantee).

9. Pursuant to Section 11 of the Agreement, if all or any part of the Property is taken by exercise of the power of eminent domain, or acquired by purchase in lieu of condemnation, Grantor and Grantee shall act jointly to recover from the condemning authority the full value of the Property so taken or purchased, and all direct or incidental damages resulting therefrom. Grantor shall be entitled to the share of the Award which equals the ratio of the Grant Funds provided by Grantor to the purchase price Grantee paid to acquire the Property.

10. This Notice is solely for the purpose of recording and in no way modifies the provisions of the Agreement. Grantee and WCB each has rights, duties and obligations under the Agreement which are not set forth in this Notice. To the extent the terms of this Notice conflict with the Agreement, the terms of the Agreement shall govern and control.

11. For additional terms and conditions of the Agreement, reference should be made to the California Wildlife Conservation Board Grant Agreement for Acquisition of Fee Interest by and between WCB and Grantee that commenced November 20, 2014, and is on file with the Wildlife Conservation Board, 1807 13th Street, Suite 103, Sacramento, California 95811-7137; *mailing address*: Wildlife Conservation Board, c/o Department of Fish and Wildlife, P. O. Box 944209, Sacramento, CA 94244-2090.

GRANTEE:

Western Rivers Conservancy

By: _____

Print Name: Sue Doroff

Title: President

SUCCESSOR GRANTEE:

Western Rivers Forestry

By: _____

Print Name: Sue Doroff

Title: President

[Notary Acknowledgment]

Exhibit E

(Form of Grant Deed by Grantee to Successor Grantee)

WHEN RECORDED RETURN TO,
Western Rivers Forestry
71 Oak Street
Portland, Oregon 97204
Attn: Sue Doroff

AND MAIL TAX STATEMENTS TO:
Western Rivers Forestry
71 Oak Street
Portland, Oregon 97204
Attn: Sue Doroff

(Space above this line for Recorder's use)

The undersigned Grantor declares:

DOCUMENTARY TRANSFER TAX \$ _____

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, WESTERN RIVERS CONSERVANCY, an Oregon nonprofit corporation ("Grantor"), hereby grants to WESTERN RIVERS FORESTRY, a California nonprofit corporation ("Grantee"), the real property, together with all improvements, fixtures and other property affixed, and all right, title and interest of Grantor in and to roadways, streets, alleys and rights of way located in the County of Humboldt (or Del Norte, as applicable), State of California (the "Property"), more particularly described as follows:

SEE EXHIBIT "A" ATTACHED HERETO

The conveyance of the Property by Grantor to Grantee is subject to those liens, encumbrances and other exceptions to title more particularly described on Exhibit "B" attached hereto.

WESTERN RIVERS CONSERVANCY, an Oregon
nonprofit corporation

By _____
Sue Doroff, President

Exhibit F

New Markets Tax Credit Financing

The NMTC Financing will involve the following structure: (a) Western Rivers Conservancy, an Oregon nonprofit public benefit corporation (WRC), will provide a loan to WRC Yurok Investment Fund, LLC, a Missouri limited liability company (Investment Fund), using funds other than the Grant Funds provided by Grantor under the Agreement of which this Exhibit F is a part; (b) Investment Fund will use those loan proceeds, along with invested capital, to make an equity investment in LCD New Markets Fund XVII, LLC, a Delaware limited liability company (LCD CDE), which is a community development entity (as such term is defined in Code Section 45D(c)); and (c) LCD CDE will provide loan(s) to WRF to enable WRF to acquire the Property from Grantee. The Grant Funds and the NMTC Financing will fund in accordance with a written schedule of funds that will be signed by Grantee and all other parties to the NMTC Financing, will include reference to the funding and transfer of the Grant Funds by the California Wildlife Conservation Board to WRC as well as all other components of the NMTC Financing, including, without limitation, the components described in the preceding sentence, and will otherwise be in form and substance acceptable to Grantor (Flow of Funds Schedule).